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MARKET SEGMENT REPORT/SEAFOOD PAGE 135

Restaurant Business[®]

A BILL PUBLICATION

SEPTEMBER 1 1988



BRIDGING THE GENDER GAP

RB WOMEN'S COUNCIL CHALLENGES THE STATUS QUO PAGE 115

■ **MARKET RESEARCH/HOW TO DO IT YOURSELF** PAGE 68

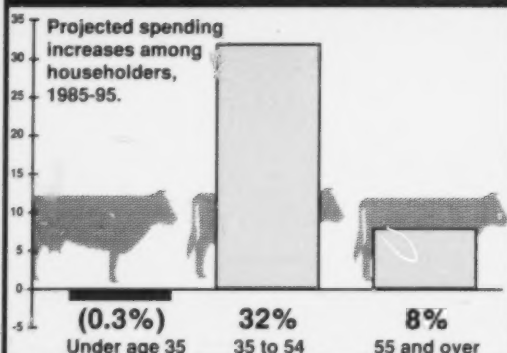
GROWTH LEADERS/THE TOP 50 EMERGING CHAINS PAGE 85

PRODUCE POWER/MENU IDEAS FROM THE RB TEST KITCHEN PAGE 167

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

MEAT CONSUMPTION BY AGE GROUP

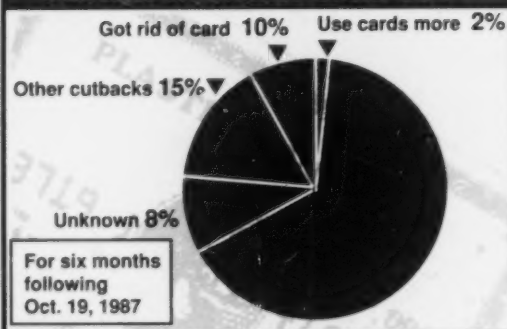


SOURCE: American Meat Institute report prepared by American Demographics

Beef Eaters Growing In Number

First the bad news for operators and processors of meat products: Americans are eating less meat. But the good news is that those Americans who buy the most meat are rapidly growing in number, according to an American Meat Institute report prepared by *American Demographics* magazine. These groups—middle-aged, married couples with kids, and Hispanics—all spend more on meat than the average American does. The prime meat eaters, householders between the ages of 35 and 54, will grow in number from 31 million to 40 million by 1995.

DECLINE IN CREDIT CARD USE

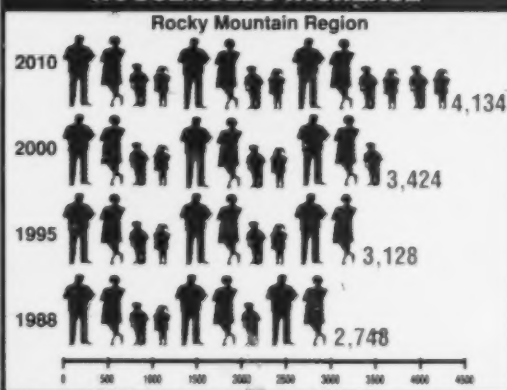


SOURCE: Decision Research Corp./The Lempert Report

A Post-Crash Pall Over Plastic

The "Black Monday" stock market crash last October 19 rattled more than just people who play the market—it also shook up anyone who spends money. Sixty-five percent of married people in households with annual income over \$40,000 said they were using their credit cards less as a result. Nearly one third of the 500 respondents said they were "staying home more" in response to economic conditions. For restaurant operators—who are already pinched by competition—the crash may mean that consumers may be eating out less.

HOUSEHOLDS INCREASE



SOURCE: Woods & Poole Economics/American Demographics

Rocky Mountain Population High

The number of households in the Rocky Mountain region—Colorado, Idaho, Montana, Utah, and Wyoming—will grow by 50% by 2010, says the Bureau of Economic Analysis in *American Demographics* magazine. Although the size of each household is expected to drop from 2.71 to 2.44 persons, the overall population will rise from 7.6 million to 10.4 million. The group aged 65 and over will grow the most quickly—by 74%. The number of those aged 20 to 64 will increase 35%. And average household income (on a 1982 constant-dollar basis) is projected to rise from \$31,928 to \$38,167.

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MENU IDEAS: *Produce Primer*, page 167.

Cover Story

HUMAN RESOURCES WOMEN IN FOODSERVICE. *Women represent a tremendously underutilized pool of managerial talent in the foodservice industry: Despite the fact that fully two thirds of hourly foodservice jobs are filled by women, there remains a serious "gender gap" when it comes to management positions. Recently, RB invited 12 female executives to explore the special challenges women face 115*

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MANAGEMENT TIPPING. *Can the service charge system replace tipping? As part of RB's ongoing coverage of this volatile issue, labor lawyer Alfred T. DeMaria examines the legal considerations of mandatory service charges..... 180*

CHAIN SPAGHETTI WAREHOUSE. *Founder Robert Hawk has built Garland, TX-based Old Spaghetti Warehouse Inc. into a high-volume, full-service Italian specialty restaurant chain with broad appeal. Over the years, the company has grown steadily, if conservatively. Now, Hawk has begun a challenging new phase of expansion, heading East to open the twelfth unit, in Buffalo, NY 184*

Cover photograph by Chip Greenberg

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RB INSIDER

CHOPSTIX, a trendy Los Angeles eatery with seating for 55 indoors and 30 outdoors, has had lines out the door almost since the moment the restaurant opened last February..... 20

Despite tough economic times in Texas, consumers there are increasing their expenditures in restaurants. In conjunction with its annual convention, the **TEXAS RESTAURANT ASSOCIATION** released a survey indicating that Texas residents will spend an average of \$667 in restaurants this year. During 1988, Texas restaurant sales are expected to increase 4.5%, with total sales climbing to \$11.4 billion..... 22

A two-year extension of the **TARGETED JOB TAX CREDIT** has been adopted by the House Ways and Means Committee, but the maximum age of the "economically disadvantaged youth" eligible for the program has been dropped from 24 to 21..... 22

SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1987 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING**. These annual studies are invaluable reference tools.

The reprints are available for \$5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business Magazine*, 633 Third Avenue, New York, NY 10017.



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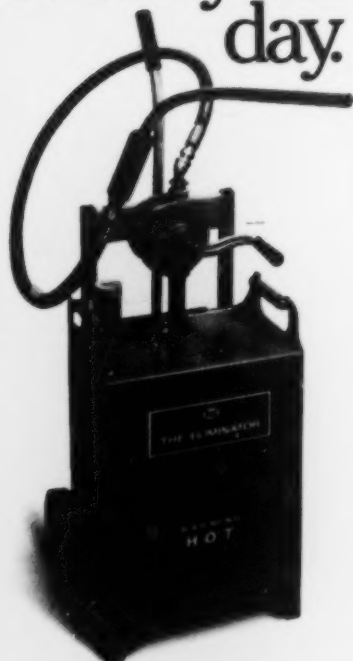


MARKET SEGMENT REPORT: *Seafood*, page 135.



CHAIN: *The Spaghetti Warehouse*, page 184.

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THE FASTEST-GROWING SMALL AND MEDIUM-SIZED CHAINS, RANKED BY SALES AND UNIT GROWTH

In a competitive environment that is marked by a concerted battle for market share, expansion has become a major issue. And, while a number of chains have been forced to scale back on growth in order to concentrate on improved operations, it is clear that there are a number of growth niches still unfilled. For small and medium-sized companies, many of which operate regionally, expansion opportunities remain.

Technomic Inc., the consulting firm in Chicago, was commissioned to identify the fastest-growing second-tier chains. Fifty companies, selected for their rapid rate of growth in sales, were ranked, in terms of both sales and unit performance. These 50 chains operate in widely diverse market segments with a variety of concepts and expansion strategies, from The Olive Garden, the Italian dinner-house chain built on converted properties, to Wienerschnitzel, a hot dog chain that is expanding again—after a five-year hiatus—through company development.

TOP 50 GROWTH CHAINS

TOP GROWTH CHAINS

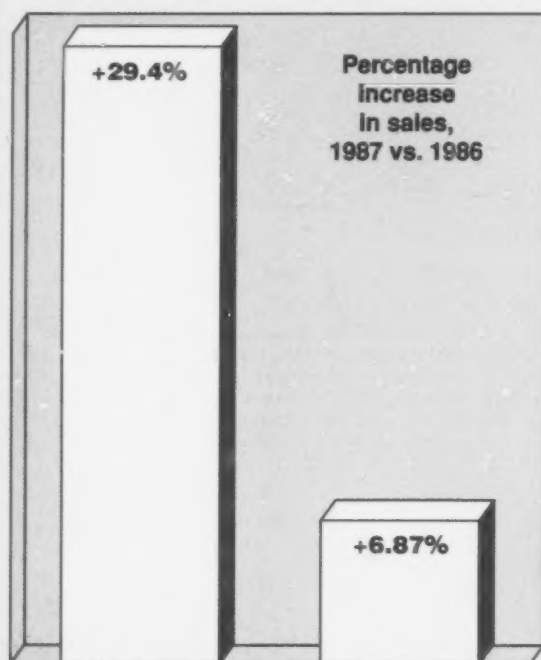
RANKED BY PERCENTAGE INCREASE IN SALES AND UNITS

Sales Growth Rank	Chain	1987 Sales	1986 Sales	1987 vs. 1986 Sales Increase	1987 U.S. Units	1986 U.S. Units	1987 vs. 1986 Unit Increase	Unit Growth Rank
1	OLIVE GARDEN	\$130.7	\$ 44.8	191.55%	70	30	133.3%	2
2	LE PEEP RESTAURANTS	24.4	10.5	132.38	48	28	71.4	4
3	BAY STREET	31.0	13.7	126.56	16	10	60.0	5
4	RESTAURANTS UNLIMITED	80.0	43.0	86.05	68	18	277.8	1
5	OLD COUNTRY BUFFET	47.8	27.0	76.89	36	23	56.5	6
6	TCBY	121.2	71.1	70.46	822	458	79.5	3
7	RED ROBIN INTERNATIONAL	112.0	66.0	69.70	45	44	2.3	45
8	MRS. FIELDS COOKIES	110.0	65.0	69.23	400	310	29.0	14
9	TONY ROMA'S	200.0	128.5	55.64	96	75	28.0	15
10	ACAPULCO	65.9	43.7	50.80	41	41	0.0	47
11	APPLEBEE'S	54.6	36.8	48.41	53	36	47.2	7
12	RYAN'S FAMILY STEAK HOUSE	185.0	125.0	48.00	95	70	35.7	9
13	CHILI'S	226.1	154.7	46.15	126	102	23.5	16
14	FAMOUS COOKIES	32.0	22.0	45.45	130	100	30.0	13
15	CHARLIE BROWN'S	49.7	35.2	41.19	34	24	31.3	8
16	RUBY TUESDAY	104.0	75.0	38.67	63	48	41.7	18
17	PARAGON GROUP	224.9	162.2	38.64	106	88	20.5	10
18	SBARRO RESTAURANT GROUP	116.0	84.2	37.84	253	190	33.2	11
19	STUCKEY'S	93.6	72.2	29.73	117	111	5.4	40
20	PAPA GINO'S	134.0	104.1	28.72	200	177	13.0	26
21	CRACKER BARREL OLD COUNTRY STORE	110.6	88.2	25.44	55	49	12.2	28
22	PANTERA'S PIZZA	52.0	42.0	23.81	157	120	30.8	12
23	HOUSTON'S RESTAURANTS	58.2	47.7	22.01	16	15	6.7	37
24	SPECIALTY RESTAURANTS CORP.	185.0	152.0	21.71	80	70	14.3	22
25	BIG 4 RESTAURANTS	30.0	25.0	20.00	16	13	23.1	17
26	BAKER'S SQUARE	155.8	130.4	19.48	138	116	19.0	19
27	JERRY'S SYSTEMS	51.0	43.0	18.60	80	69	15.9	21
28	NANCO ENTERPRISES	42.0	36.0	16.67	21	19	10.5	32
29	PANCHO'S MEXICAN BUFFET	50.0	43.0	16.28	52	46	13.0	25
30	VELVET TURTLE	50.0	43.0	16.28	21	21	0.0	48
31	LEVY ORGANIZATION	43.0	37.0	16.22	23	22	4.5	43
32	TACO TIME	86.0	75.0	14.67	264	244	8.2	35
33	TOGO'S	48.0	42.0	14.29	113	102	10.8	31
34	PETER PIPER PIZZA	59.2	51.9	14.07	109	103	5.8	38
35	ROCKY ROCOCO	68.4	60.0	14.00	125	114	9.6	34
36	SPECTRUM FOODS	41.0	36.0	13.89	14	12	16.7	20
37	BOBBY MCGEE'S CONGLOMERATION	51.0	45.0	13.33	19	18	5.6	39
38	BLIMPIE	106.4	94.0	13.19	300	265	13.2	24
39	FAMOUS RESTAURANTS	76.6	67.7	13.15	42	44	-4.5	50
40	CAROUSEL SNACK BAR OF AMERICA	46.8	41.4	13.14	313	276	13.4	23
41	MARIE CALLENDER PIE SHOPS	220.0	196.0	12.24	130	127	2.4	44
42	SIRLOIN STOCKADE	45.1	40.2	12.19	66	59	11.9	29
43	MISTER DONUT	169.0	151.0	11.92	535	543	-1.5	49
44	BOB EVANS RESTAURANTS	257.8	230.9	11.62	194	172	12.8	27
45	FOSTERS FREEZE	89.0	80.0	11.25	176	158	11.4	30
46	DINO'S/CRUSTY'S USA INC.	50.0	45.0	11.11	204	190	7.4	36
47	CHICK-FIL-A	202.7	182.8	10.88	363	346	4.9	42
48	TRADER VIC'S RESTAURANTS	38.7	35.0	10.57	21	19	10.5	33
49	TACO JOHN'S	102.6	93.0	10.32	421	401	5.0	41
50	WIENERSCHNITZEL	109.0	99.0	10.10	273	272	0.4	46

Sources: Technomic Inc. and Restaurant Business

Many of these second-tier chains operate regionally and stay within well-defined market niches, which enables them to grow considerably faster than the rest of the industry. For an explanation of the methodology of this study, see page 108.

Growth Chains: GROWING FASTER



Top 50 Growth Chains Total U.S. Eating Places

1987 Sales (in billions)

Top 50 Growth Chains.....\$4.0
Total U.S. Eating Places.....\$137.9

1986 Sales (in billions)

Top 50 Growth Chains.....\$3.7
Total U.S. Eating Places.....\$129.1

SOURCE: Technomic Inc. and Restaurant Business

RANKING BY SALES GROWTH

OLIVE GARDEN (General Mills)

Orlando, FL

RANKING BY UNIT GROWTH: 2

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$130.7	\$44.8
Number of Units	70	30

The Olive Garden is a moderately priced Italian dinner-house concept launched in Orlando in 1982. The chain, which more than doubled in size last year, represents a significant growth vehicle for the General Mills restaurant division, which owns the Red Lobster seafood chain and York steak houses. Olive Garden, designed to resemble an Italian country home, features items like antipasto, shrimp scampi, and pasta, along with unlimited garlic bread and family-style salad. Most units are conversions.

2

RANKING BY SALES GROWTH

LE PEEP RESTAURANTS

Denver, CO

RANKING BY UNIT GROWTH: 4

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$24.4	\$10.5
Number of Units	48	28

Open only from 6:30 a.m. to 2:30 p.m. seven days a week, Le Peep Restaurants concentrate solely on the breakfast, brunch, and lunch dayparts. The chain targets professionals between the ages of 25 and 36, and serves items like omelets, frittatas, salads, open-faced sandwiches, pancakes, and egg dishes cooked in skillets with meat and vegetables. No alcoholic beverages are served. Restaurants offer full service, are typically located in shopping malls, and are both company-owned and franchised.

3

RANKING BY SALES GROWTH

BAY STREET (Pillsbury)

Dallas, TX

RANKING BY UNIT GROWTH: 5

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$31.0	\$13.7
Number of Units	16	10

Developed by The Pillsbury Co.'s S&A Restaurant Corp. division, the first Bay Street restaurant opened in a Dallas suburb in June 1985. Bay Street is a dinner-house concept, featuring more than a dozen varieties of fresh seafood prepared either grilled or Cajun-style, with pasta or in salads. Beef and chicken, and full bar service are also offered. At press time, Pillsbury was negotiating to sell the Bay Street chain. (There are now only 12 restaurants open, due to closings in 1988.)

continued on page 88

4

RANKING BY SALES GROWTH

RESTAURANTS UNLIMITED

Seattle, WA

RANKING BY UNIT GROWTH: 1

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$80.0	\$43.0
Number of Units	68	18

Founded as a dinner-house chain—the company's restaurants feature broad menus under names like Cutter's, Morgan's Lake Place, Skates on the Bay, Triples, and others—Restaurants Unlimited has seen most of its recent growth come from Cinnabon. A retail bakery concept, Cinnabon features half-pound, freshly baked cinnamon rolls. The franchised bakeries are located in shopping malls, and represent Restaurants Unlimited's first and only venture into franchising.

5

RANKING BY SALES GROWTH

OLD COUNTRY BUFFET (Buffets Inc.)

Eden Prairie, MN

RANKING BY UNIT GROWTH: 6

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$47.8	\$27.0
Number of Units	36	23

Open for lunch, dinner, and Sunday breakfast, Old Country Buffet restaurants are cafeteria-style, all-you-can-eat operations. Customers pay upon entering the restaurants, then select menu items from a double-sided service line. Food items include soups, salads, entrees, vegetables, nonalcoholic beverages, and desserts. Entrees include carved roast beef and ham, chicken, casseroles, shrimp, oysters, and other items. Restaurants are company-owned operations, and 20 new units are scheduled to open this year.

6

RANKING BY SALES GROWTH

TCBY

Little Rock, AR

RANKING BY UNIT GROWTH: 3

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$121.2	\$71.1
Number of Units	822	458

The company operates but primarily franchises the TCBY chain of soft-serve yogurt stores. Principally carry-out operations, TCBY stores also offer some sit-down service, and some newer units include drive-thru facilities. Yogurt is made available in 25 different flavors, and Belgian waffles and waffle cones are made daily on the premises. A variety of toppings are also available, as is frozen tofu, a lactose- and cholesterol-free product. Stores are both freestanding and located in malls.

7

RANKING BY SALES GROWTH

RED ROBIN INTERNATIONAL

Seattle, WA

RANKING BY UNIT GROWTH: 45

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$112.0	\$66.0
Number of Units	45	44

Red Robin International (now owned by Skylark Co. Ltd. of Japan) operates and franchises a chain of Red Robin Burger and Spirits Emporiums. The restaurants specialize in gourmet hamburgers and creative cocktails, and serve lunch, dinner, and snacks. More than two dozen kinds of hamburgers are offered, as are items like chicken, ribs, steaks, seafood, salads, soups, and desserts. Red Robin operates in several states, with the majority of units located on the West Coast. The company also operates other theme restaurants in Seattle.

8

RANKING BY SALES GROWTH

MRS. FIELDS COOKIES

Park City, UT

RANKING BY UNIT GROWTH: 14

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$110.0	\$65.0
Number of Units	400	310

Mrs. Fields Cookies is a retail bakery concept that offers approximately 15 different kinds of cookies, muffins, brownies, and candies, along with soft drinks and coffee. Outlets do not offer seating, and are located in malls and strip centers throughout the country. All baked goods are prepared on the premises throughout the day to ensure freshness, and are sold by the pound. Also available in some bakeries is a line of ice cream with dessert toppings, sold either in a cup or a freshly made waffle cone. California is Mrs. Fields' largest market.

9

RANKING BY SALES GROWTH

TONY ROMA'S (Roma Corp.)

Dallas, TX

RANKING BY UNIT GROWTH: 15

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$200.0	\$128.5
Number of Units	96	75

Operating under the name Tony Roma's, A Place for Ribs, the company's restaurants are full-service, family-style dinner houses specializing in barbecued ribs. Ribs, which account for about 70% of food sales, are offered in a number of different ways, including Danish Baby Back, St. Louis, and beef. Other menu items include hamburgers, salads, chicken and fish entrees, and loaves of onion rings. The company both owns and franchises restaurants, though franchising accounts for most of the chain's current growth.

continued on page 90

10

RANKING BY SALES GROWTH

ACAPULCO (Restaurant Associates)

New York, NY

RANKING BY UNIT GROWTH: 47

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$65.9	\$43.7
Number of Units	41	41

One of several restaurant concepts owned by Restaurant Associates Industries, Acapulco restaurants are full-service, upscale Mexican dinner houses serving a variety of traditional Mexican food and other items. In 1987, Restaurant Associates acquired the 10-restaurant Casa Vallarta Mexican dinner-house chain for the express purpose of converting the restaurants into Acapulco units. Though the number of Acapulco restaurants did not increase last year, sales gains were substantial in existing units.

11

RANKING BY SALES GROWTH

APPLEBEE'S (Gourmet Systems)

Dallas, TX

RANKING BY UNIT GROWTH: 7

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$54.6	\$36.8
Number of Units	53	36

Applebee's Neighborhood Grill & Bar is a chain of full-service restaurants open for lunch, dinner, snacks, and weekend brunch. Now owned by Gourmet Systems, the chain once operated under W.R. Grace's restaurant group. Applebee's restaurants are both company-owned and franchised. A horseshoe-shaped bar serves as a focal point for the restaurants, and menu items include hamburgers, deli sandwiches, chicken and fish entrees, chili, and numerous appetizers, like nachos, potato skins, guacamole, and fried vegetables.

12

RANKING BY SALES GROWTH

RYAN'S FAMILY STEAK HOUSE

Greer, SC

RANKING BY UNIT GROWTH: 9

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$185.0	\$125.0
Number of Units	95	70

A chain of family-oriented budget steak houses, Ryan's Family Steak Houses have long been regarded as offering among the best values in the steak-house segment. Customers order entrees upon entering the restaurants, pick up side dishes and visit an all-you-can-eat "mega" salad-and-food bar; entrees are served at the table when ready. Ryan's restaurants are both company-owned and franchised, with most units in Southern states. With 1988 sales slowing, management is now being realigned.

13

RANKING BY SALES GROWTH

CHILI'S

Dallas, TX

RANKING BY UNIT GROWTH: 16

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$226.1	\$154.7
Number of Units	126	102

Chili's Inc. operates and franchises Chili's Hamburger Grill & Bar restaurants. The full-service, casual restaurants feature several different hamburgers, chili, tacos, salads, country-fried steak, barbecued ribs, chicken and beef fajitas, a number of appetizers, and desserts. Though beer, wine, sangria, and margaritas are offered, alcoholic beverages account for only 20% of sales. The company anticipates doubling in size by 1990, with the majority of growth achieved through franchising.

14

RANKING BY SALES GROWTH

FAMOUS COOKIES (Mrs. Fields Inc.)

Park City, UT

RANKING BY UNIT GROWTH: 13

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$32.0	\$22.0
Number of Units	130	100

Famous Cookies is a chain of retail bakeries specializing in freshly baked cookies. A rapid-growth chain in the bakery category, Famous Cookies was recently acquired by the Mrs. Fields bakery chain. Last year, Mrs. Fields also reached an agreement with PepsiCo, in which the company acquired PepsiCo's La Petite Boulangerie chain, a retail bakery/cafe chain. Mrs. Fields' acquisition of both Famous Cookies and La Petite Boulangerie served to further the company's position as a leader in the baked goods category.

15

RANKING BY SALES GROWTH

CHARLIE BROWN'S (Restaurant Associates)

New York, NY

RANKING BY UNIT GROWTH: 8

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$49.7	\$35.2
Number of Units	34	24

Owned by Restaurant Associates Industries, Charlie Brown's is a chain of full-service steak houses serving lunch, dinner, and cocktails. Located in suburban locations in New Jersey, New York, Connecticut, and Florida, Charlie Brown's restaurants target customers in the 21 to 39 age group. Menu items include steaks, prime rib, hamburgers, chicken and seafood entrees, and lunch and dinner specials. Finger foods are also offered, as are luncheon specials like salads and omelets. Charlie Brown's restaurants are company-owned.

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16

RANKING BY SALES GROWTH

RUBY TUESDAY (Morrison Inc.)

Mobile, AL

RANKING BY UNIT GROWTH: 18

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$104.0	\$75.0
Number of Units	63	48

Owned by Morrison Inc., Ruby Tuesday has served as a growth vehicle for the cafeteria operator. The restaurants are full-service dinner houses serving lunch, dinner, and Sunday brunch. Menu items like freshly ground hamburgers, Cajun specialties, and salads, are designed to attract young professionals—a different clientele than the all-you-can-eat buffet-style cafeterias attract. Most Ruby Tuesday restaurants are located in shopping malls in the Southeastern states. Restaurants include lounge/bar areas.

17

RANKING BY SALES GROWTH

PARAGON GROUP

(formerly VICORP Specialty Restaurants)

San Diego, CA

RANKING BY UNIT GROWTH: 10

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$224.9	\$162.2
Number of Units	106	88

The result of a leveraged buyout of VICORP Restaurants' specialty restaurants division, Paragon is comprised of several different full-service restaurants. Mountain Jack's and Hungry Hunter chains are beef-oriented dinner houses; Rusty Pelican, The Boat House, and The Dock are seafood-oriented; Carlos Murphy's Irish Mexican Cafe restaurants are "adult fun" restaurants. Paragon's restaurants, many of them unique in design, offer broad menus.

18

RANKING BY SALES GROWTH

SBARRO RESTAURANT GROUP

Melville, NY

RANKING BY UNIT GROWTH: 11

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$116.0	\$84.2
Number of Units	253	190

This chain of quick-service Italian specialty restaurants offers pizza, pasta dishes, hot and cold Italian entrees, salads, sandwiches, and desserts. Pizza, however, accounts for about half of sales. Sbarro restaurants are primarily located in shopping mall locations, both in-line and in food courts. Virtually all items are prepared daily on the premises, and some larger locations also offer beer and wine. The company also operates Cafe Sbarro, featuring an expanded line of Italian specialties, pastries, and cappuccino.

19

RANKING BY SALES GROWTH

STUCKEY'S

Marietta, GA

RANKING BY UNIT GROWTH: 40

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$93.6	\$72.2
Number of Units	117	111

With units scattered throughout Southern states, Stuckey's restaurants are family-oriented operations predominantly targeted at travelers. Some units are full-service restaurants, others are cafeteria-style, offering prepackaged sandwiches, hot dogs, and hamburgers. All units, however, include gift shops. Stuckey's units are located near interstate highways, and sell souvenirs targeted at tourists/travelers. Stuckey's is, in fact, known for its pecan rolls and chocolates, which the company manufactures.

20

RANKING BY SALES GROWTH

PAPA GINO'S

Watertown, MA

RANKING BY UNIT GROWTH: 26

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$134.0	\$104.1
Number of Units	200	177

With units in the Northeastern states, Papa Gino's is a self-service Italian specialty concept; customers place their orders at the cashier station, and pick them up when their number is announced. The restaurants serve pizza, in both regular and thick-crust versions, as well as pasta dishes, Italian heroes, salads, and other items at a moderate price. Quality of ingredients, especially the hand-made pizza shells, is emphasized. The company hopes to expand further in New England.

21

RANKING BY SALES GROWTH

CRACKER BARREL OLD COUNTRY STORE

Lebanon, TN

RANKING BY UNIT GROWTH: 28

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$110.6	\$88.2
Number of Units	55	49

Cracker Barrel Old Country Stores are moderately priced, full-service operations featuring country-style cooking and gift shops. Freestanding units are located near or adjacent to interstate highway exchanges, though about half the restaurants' customers are local. Of the chain's country-style menu offerings, country ham is the single largest volume item, representing just under 10% of sales. Units have two dining rooms, and gift shops account for approximately 20% of floor space.

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22

RANKING BY SALES GROWTH

PANTERA'S PIZZA (Pantera's Corp.)

St. Louis, MO

RANKING BY UNIT GROWTH: 12

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$52.0	\$42.0
Number of Units	157	120

Pantera's Corp. is the owner and franchisor of both the Pantera's Pizza and Pizza Inn chains. Pantera's Pizza, the company's original concept, opened 37 restaurants last year while increasing sales by \$10 million. Pantera's Pizza restaurants are self-service operations offering sit-down and carry-out service, and three types of pizza: thin-crust, pan-style, and thick-crust. During the lunch daypart, an all-you-can-eat buffet of pizza and salad is offered. Restaurants are either freestanding or located in neighborhood shopping centers.

23

RANKING BY SALES GROWTH

HOUSTON'S RESTAURANTS

Atlanta, GA

RANKING BY UNIT GROWTH: 37

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$58.2	\$47.7
Number of Units	16	15

Houston's restaurants are most noted for their excellent value. The dinner-house chain grinds its own chuck for hamburgers, filets fish daily on the premises, hand-cuts potatoes for fries, and squeezes oranges regularly for juice and mixed drinks. Among Houston's signature items are prime rib, Houston's Hawaiian Steak (grilled ribeye marinated in pineapple, soy, and ginger sauce), and barbecued ribs. Restaurants are located in Atlanta, Dallas, Houston, Ft. Lauderdale, Kansas City, Washington, DC, and Chicago.

24

RANKING BY SALES GROWTH

SPECIALTY RESTAURANTS CORP.

Anaheim, CA

RANKING BY UNIT GROWTH: 22

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$185.0	\$152.0
Number of Units	80	70

Specialty Restaurants operates a number of diverse concepts, all full-service dinner houses. The restaurants feature adventurous and nostalgic motifs, donning names like the 94th Aero Squadron (aviation theme), Baby Doe's Matchless Mine (a Colorado mine motif), Tuxedo Charley's (a 1940s theme), and several others. The 94th Aero Squadron, with about 14 units, is the company's largest chain. Units are freestanding, and all feature a view of the landing strip of an active airport. Beef and seafood are featured on the menu.

25

RANKING BY SALES GROWTH

BIG 4 RESTAURANTS

Phoenix, AZ

RANKING BY UNIT GROWTH: 17

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$30.0	\$25.0
Number of Units	16	13

Big 4 operates dinner houses under several different names. Among the company's restaurants are the Lunt Ave. Marble Club (a full-service theme restaurant), Oscar Taylor's (specializing in steaks and ribs), and Ed Debevic's Short Orders Deluxe (a 1950s diner concept). Big 4 restaurants are promotion-oriented, with frequent dinner promotions offered. The company, having experienced some trouble expanding beyond Arizona, has scaled back expansion plans and sold off some underperforming units.

26

RANKING BY SALES GROWTH

BAKERS SQUARE (VICORP)

Denver, CO

RANKING BY UNIT GROWTH: 19

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$155.8	\$130.4
Number of Units	138	116

A family-oriented coffee-shop chain, Bakers Square specializes in freshly baked pies. With more than two dozen varieties, pies are available either whole or by the slice, and can be eaten in the restaurant or taken home. Lunch, dinner, and snacks are served, and about 25% of business is generated through carry-out orders. Other menu items include hamburgers, sandwiches, chicken pot pie, and pasta. Bakers Square restaurants were formerly operated by The Pillsbury Co. under the Poppin Fresh Pies name.

27

RANKING BY SALES GROWTH

JERRY'S SYSTEMS

Rockville, MD

RANKING BY UNIT GROWTH: 21

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$51.0	\$43.0
Number of Units	80	69

Jerry's Systems operates and franchises a chain of Jerry's Sub Shops in the Virginia, Maryland, and Washington, DC, markets. The stores offer sit-down and carry-out service for lunch, dinner, snacks, and occasionally breakfast. Jerry's Sub Shops specialize in overstuffed submarine sandwiches (approximately 15 varieties in all), and all but shopping mall locations offer pizza and calzones as well. Pizza accounts for about 25% of sales. Further development in East Coast markets is called for.

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28

RANKING BY SALES GROWTH

NANCO ENTERPRISES

Santa Barbara, CA

RANKING BY UNIT GROWTH: 32

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$42.0	\$36.0
Number of Units	21	19

Nanco Enterprises operates two different full-service chains: Elephant Bars and Jeremiah's Restaurants. Elephant Bars are family-style restaurants, serving salads, appetizers, and Italian, American, and Mexican specialties, and are frequently located near college campuses. They offer full service, have bars, and are located in Eastern and Western markets. Jeremiah's is a dinner-house chain. With units in California, Texas, and Nevada, the restaurants offer steaks, seafood, chicken, full bar service, and salad bars in some locations.

29

RANKING BY SALES GROWTH

PANCHO'S MEXICAN BUFFET

Fort Worth, TX

RANKING BY UNIT GROWTH: 25

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$50.0	\$43.0
Number of Units	52	46

Pancho's Mexican Buffet restaurants are family-oriented, all-you-can-eat operations located in Southwestern states. For about \$4, customers can help themselves to as much Mexican food as they like, or customers can choose from a number of moderately priced entrees. Buffets feature more than 20 items, including tamales, tacos, enchiladas, guacamole, nachos, rice, beans, and more. Sopapillas, a Mexican bread, is provided at the table. Children under six eat free. An additional 10 to 14 restaurants are slated to open this year.

30

RANKING BY SALES GROWTH

VELVET TURTLE(American Restaurant Group)
Newport Beach, CA

RANKING BY UNIT GROWTH: 48

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$50.0	\$43.0
Number of Units	21	21

A full-service, white-tablecloth dinner-house chain, Velvet Turtle is for the over-30 crowd. Average dinner check runs about \$20 per person, with menu items including fresh fish and pasta, beef Wellington, barbecued shrimp, and rack of lamb. Velvet Turtle restaurants are freestanding and located in affluent neighborhoods and office buildings. American Restaurant Group, headed by former W.R. Grace executive Anwar Soliman, acquired the chain when it acquired Saga's entire specialty restaurant group from Marriott Corp. last year.

31

RANKING BY SALES GROWTH

LEVY ORGANIZATION

Chicago, IL

RANKING BY UNIT GROWTH: 43

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$43.0	\$37.0
Number of Units	23	22

A privately owned Midwestern real estate development concern, The Levy Organization has for several years been involved in restaurants. Largely in Chicago, Levy restaurants range from casual theme operations to fine dining. The company's flagship restaurant, Spiaggia, features fine northern Italian cuisine (entrees priced in the \$20 range) and is located in Chicago's One Magnificent Mile tower. Hillary's, one of Levy's casual theme restaurants, offers more modest fare, such as grilled seafood, sandwiches, and quiche.

32

RANKING BY SALES GROWTH

TACO TIME

Eugene, OR

RANKING BY UNIT GROWTH: 35

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$86.0	\$75.0
Number of Units	264	244

Taco Time is a chain of company-owned and franchised fast-service Mexican restaurants, whose principal markets are in the Northwestern states. Taco Time offers sit-down, carry-out, and drive-thru service. Menu items include tacos, burritos, taco burgers, chili, and similar Mexican items. Fried fruit pies, called empanadas, are available for dessert, as are crustos, fried tortillas dusted with cinnamon. Nuggets Ole, a finger food item, consists of chunks of battered, deep-fried chicken, served with a choice of sauces.

33

RANKING BY SALES GROWTH

TOGO'S

Campbell, CA

RANKING BY UNIT GROWTH: 31

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$48.0	\$42.0
Number of Units	113	102

Togo's operates and franchises a chain of quick-service sandwich shops. The units are located in California, Oregon, and Nevada, with the greatest concentration of sandwich shops in California. Togo's sandwich shops are self-service operations with seating and take-out facilities, and are among the highest-grossing sandwich shops in the industry. The shops are open for lunch and dinner. Wine and beer are offered on the menu, and interiors are designed to be more upscale than most sandwich shops.

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34

RANKING BY SALES GROWTH

PETER PIPER PIZZA

Phoenix, AZ

RANKING BY UNIT GROWTH: 38

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$59.2	\$51.9
Number of Units	109	103

Peter Piper Inc. operates and franchises self-service, family-oriented Peter Piper Pizza restaurants in Western and Northwestern states. Dinner represents the majority of sales (about 80%), with take-out orders accounting for approximately 60% of that. The menu consists of a variety of thin-crust pizza, salads, and soft drinks. Pizza toppings vary from region to region. The restaurants, which typically seat 200, are primarily located in shopping strips. The company has also acquired other pizza restaurants for conversion.

35

RANKING BY SALES GROWTH

ROCKY ROCOCO

Madison, WI

RANKING BY UNIT GROWTH: 34

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$68.4	\$60.0
Number of Units	125	114

Rocky Rococo restaurants are self-service pizza operations, though after it is ordered, food is delivered to the table. The restaurants offer Chicago-style, deep-dish pizza either by the pie or the slice. Pizzas are prepared either with white or whole wheat crust, and toppings include sausage, pepperoni, mushrooms, and special monthly varieties. A salad bar is also available, featuring vegetables, fruits, and other ingredients. Units are located in Midwestern states, and are either freestanding or in shopping centers and malls.

36

RANKING BY SALES GROWTH

SPECTRUM FOODS

(American Restaurant Group)
Newport Beach, CA

RANKING BY UNIT GROWTH: 20

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$41.0	\$36.0
Number of Units	14	12

Spectrum Foods operates specialty dinner houses in California. Restaurants such as Chianti, Prego, Ciao, Speidini, and Sputino specialize in northern Italian cuisine, while MacArthur Park restaurants offer smoked ribs and grilled steak and seafood. Harry's Bar and American Grill offers a combination of both cuisines. Spectrum, part of Saga's specialty restaurant division when Saga was acquired by Marriott, was then acquired by American Restaurant Group last year. The acquisition included five different restaurant groups.

37

RANKING BY SALES GROWTH

BOBBY MCGEE'S CONGLOMERATION

Phoenix, AZ

RANKING BY UNIT GROWTH: 39

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$51.0	\$45.0
Number of Units	19	18

Bobby McGee's U.S.A. Inc. owns and operates these "fun-and-food" dinner houses in Sunbelt states. Most Bobby McGee's restaurants open at 5 p.m. for dinner, followed by late-night entertainment and snacks. The full-service concept features costumed waiters and waitresses portraying popular characters. The restaurants are known for their salad bars, which are housed in bath tubs. Entrees include steaks, prime rib, shrimp, crêpes, and a number of specials. The company is reportedly pursuing a franchise program.

38

RANKING BY SALES GROWTH

BLIMPIE (Astor Restaurant Group)

New York, NY

RANKING BY UNIT GROWTH: 24

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$106.4	\$94.0
Number of Units	300	265

Astor Restaurant Group is the franchisor of Blimpie sandwich shops. Blimpie offers 6-inch or 12-inch submarine sandwiches filled with freshly cut meats, cheeses, shredded lettuce, tomato, and onion. Most Blimpie restaurants are located in downtown locations, and typically offer seating for 60 to 70 customers. Blimpie, one of the oldest sandwich shop chains in the country, is heavily concentrated in East Coast states. Further geographical expansion is planned, however.

39

RANKING BY SALES GROWTH

FAMOUS RESTAURANTS

Scottsdale, AZ

RANKING BY UNIT GROWTH: 30

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$76.6	\$67.7
Number of Units	42	44

Famous Restaurants operates Garcia's Mexican Restaurants, a chain of full-service, moderately priced Mexican dinner houses, and the seafood dinner houses Famous Fish Co., Famous Enterprise, and Famous Pacific Fish. A newer concept, Caribbean Grill, specializes in Mexican cuisine, grilled fish, and tropical drinks. Garcia's, the oldest concept, accounts for the majority of Famous's restaurants. However, the company is closing or selling underperforming restaurants in favor of further expanding its newer restaurants.

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40

RANKING BY SALES GROWTH

CAROUSEL SNACK BAR OF AMERICA

Minneapolis, MN

RANKING BY UNIT GROWTH: 23

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$46.8	\$41.4
Number of Units	313	276

Carousel Snack Bars operate under 11 different names in suburban malls nationally. Operating names include Carousel Snack Bar, The Great Hot Dog Experience, Hot Dog & Hamburger Emporium, and Orange Saloon. In 1986, Carousel acquired the 44-unit Famous Ramos chain, which included hot dog bars, potato bars, and other stores. Carousel's Mama Rigatoni concept features pizza (whole or by the slice) and Italian sandwiches. The company develops specific snack bars according to individual mall needs.

41

RANKING BY SALES GROWTH

MARIE CALLENDER PIE SHOPS (Ramada Inns)

Phoenix, AZ

RANKING BY UNIT GROWTH: 44

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$220.0	\$196.0
Number of Units	130	127

Ramada Inns owns, operates, and franchises the Marie Callender chain (about half are company-owned, the rest franchised or operated under joint venture arrangements). Marie Callender restaurants are full-service operations serving lunch and dinner. Menu includes soups, pastas, sandwiches, salads, hamburgers, and about 35 different pies; pies, in fact, account for about 25% of sales. Bread and pies are baked on the premises daily. Most restaurants are located in California. Many units serve liquor.

42

RANKING BY SALES GROWTH

SIRLOIN STOCKADE

Hutchinson, KS

RANKING BY UNIT GROWTH: 29

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$45.1	\$40.2
Number of Units	66	59

Predominantly franchised, Sirloin Stockade restaurants are family-style steak houses open for lunch and dinner. Menu includes a variety of steaks, seafood, chicken, hamburgers, and beef kabobs. Dinners are served with soup, salad bar, potato, and beverage (no alcohol available). Most Sirloin Stockade restaurants are located in Oklahoma, Texas, and Kansas. Though long a self-service format, the restaurants are being converted into full-service operations, with updated decor and broadened menu selections.

43

RANKING BY SALES GROWTH

MISTER DONUT (International Multifoods)

Minneapolis, MN

RANKING BY UNIT GROWTH: 49

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$169.0	\$151.0
Number of Units	535	543

Though the number of units declined in 1987, total sales volumes increased for the Mister Donut chain. Mister Donut shops are fast-service doughnut operations offering take-out and sit-down service. About 50 varieties of doughnuts are offered, as are cookies, sweet rolls, and muffins. In addition to the 535 domestic units, Mister Donut includes more than 100 shops in international markets. The company has also experimented with joint concept sites with International Dairy Queen in the U.S.

44

RANKING BY SALES GROWTH

BOB EVANS RESTAURANTS

Columbus, OH

RANKING BY UNIT GROWTH: 27

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$257.8	\$230.9
Number of Units	194	172

An outgrowth of its sausage manufacturing business, Bob Evans are family-style restaurants featuring sausage. Breakfast is served all day, emphasizing such items as eggs, biscuits, and grits. Southern-style specialties like pork barbecue and fried catfish are featured at lunch and dinner. Bob Evans restaurants are company-owned, designed to resemble a farm house, and are all freestanding. Last year, in an effort to expand into Texas, the company acquired Owens Country Sausage Inc. The Owens name will be used in restaurants in that region.

45

RANKING BY SALES GROWTH

FOSTERS FREEZE

Arroyo Grande, CA

RANKING BY UNIT GROWTH: 30

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$89.0	\$80.0
Number of Units	176	158

Fosters Freeze operates and franchises soft-serve ice cream stores. The Fosters Freeze units offer full service and fountain service, and are primarily located in California. In addition to cones, sundaes, and shakes, restaurants offer hamburgers, hot dogs, fish sandwiches, and fries. Fountain service accounts for the majority of sales. Some locations also offer tacos and burritos. New units being built have seating for up to 100, as well as drive-thru facilities. The company is looking to expand into other Southwestern states.

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46

RANKING BY SALES GROWTH

DINO'S/CRUSTY'S USA INC.

Livonia, MI

RANKING BY UNIT GROWTH: 36

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$50.0	\$45.0
Number of Units	204	190

Dino's and Crusty's both specialize in pizza. Dino's is a full-service operation with franchised units in Florida; Crusty's is a take-out and delivery chain with units that are both company-owned and franchised in several states. While Crusty's offers only pizza, Dino's offers other Italian specialty items, as well as beer, wine, and liquor. Having originated in Michigan, existing Dino's restaurants there are being converted into Crusty's, the company's expansion vehicle. Crusty's units are principally located in Southeastern markets.

47

RANKING BY SALES GROWTH

CHICK-FIL-A

Atlanta, GA

RANKING BY UNIT GROWTH: 42

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$202.7	\$182.8
Number of Units	363	346

Chick-fil-A is a chain of fast-service chicken restaurants almost expressly located in shopping malls. The chain's signature item is a boneless breast of chicken, coated with seasonings and cooked in peanut oil. Though Chick-fil-A units are located in more than 30 states, the majority are in Georgia and the Carolinas. The company does not sell franchises. Rather, units operate as partnerships between operators and the company. The first freestanding Chick-fil-A opened in Atlanta in 1986.

48

RANKING BY SALES GROWTH

TRADER VIC'S RESTAURANTS

San Francisco, CA

RANKING BY UNIT GROWTH: 33

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$38.7	\$35.0
Number of Units	21	19

Trader Vic's Restaurants is an international, family-owned group operating Trader Vic's restaurants in the U.S. and abroad. The restaurants, which specialize in Polynesian cuisine, are full-service, and are elaborately decorated in Polynesian style. The restaurants' central focus is a Chinese oven, where a variety of meats and fish are cooked. Specialties include Cosmo Tidbits, a pu pu platter with fried prawns, sliced pork, and other items. Exotic drinks, the Mai Tai being the most prominent, are also a specialty.

49

RANKING BY SALES GROWTH

TACO JOHN'S

Cheyenne, WY

RANKING BY UNIT GROWTH: 41

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$102.6	\$93.0
Number of Units	421	401

Predominantly franchised, Taco John's restaurants offer fast-service Mexican food. Restaurants offer seating, take-out, and drive-thru facilities in most cases. Signature items include the Taco Bravo (a taco wrapped in a flour tortilla with refried beans), and Potatoes Ole (lightly seasoned, fried puffs). Dinner entrees are also available, typically consisting of traditional Mexican items (burritos, enchiladas, tacos, etc.) accompanied by rice and beans. Major markets are in the Northwest, Midwest, Florida, and the Carolinas.

50

RANKING BY SALES GROWTH

WIENERSCHNITZEL (Galardi Group)

Newport Beach, CA

RANKING BY UNIT GROWTH: 46

CHAIN CHARACTERISTICS

	FY 1987	FY 1986
Net Sales (millions)	\$109.0	\$99.0
Number of Units	273	272

Having spent the past few years diversifying into other menu categories, Wienerschnitzel is returning to its primary focus: hot dogs. The mostly franchised chain offers a variety of hot dogs in a fast-service format. Though the company continues to offer items like hamburgers, hot dogs account for the majority of sales. Big 'N Beefy, for instance, is a large beef hot dog served on a sesame bun and smothered in cheese or meat sauce. The company is refurbishing restaurants, and plans to build larger units than the original 800-sq.-ft. models.

DEFINITION OF GROWTH CHAINS

- Only companies with a nominal growth rate of 10% or more in dollar sales from 1986 to 1987 were included.
- Companies are included if 1987 U.S. systemwide sales were between \$33 million and \$300 million. Qualifying companies with distinct, separable chains are broken out further at the chain level; e.g., Bay Street is broken out from Pillsbury.
- Franchisees are excluded to prevent double-counting; e.g., National Pizza Co. is excluded.
- Chains are defined as operations with 10 or more units; definition includes operations with diverse concepts, such as the Levy Organization.

Sources: Technomic Inc. and Restaurant Business



Seafood consumption continues to rise, and the segment still offers abundant opportunity for expansion.

SEAFOOD

BY JACQUE KOCHAK

Seafood consumption continues to rise, having reached 15.4 pounds per person in 1987—an increase of almost three quarters of a pound over the previous year. Operators of seafood restaurants are heartened by Americans' continuing interest in seafood, and the segment still seems to offer abundant opportunity and room for expansion. After all, statistics show that Americans eat two thirds of that seafood in restaurants; they're still timid about preparing it at home.

In restaurants, customers are more sophisticated about seafood. They're willing to experiment with different varieties and preparations.

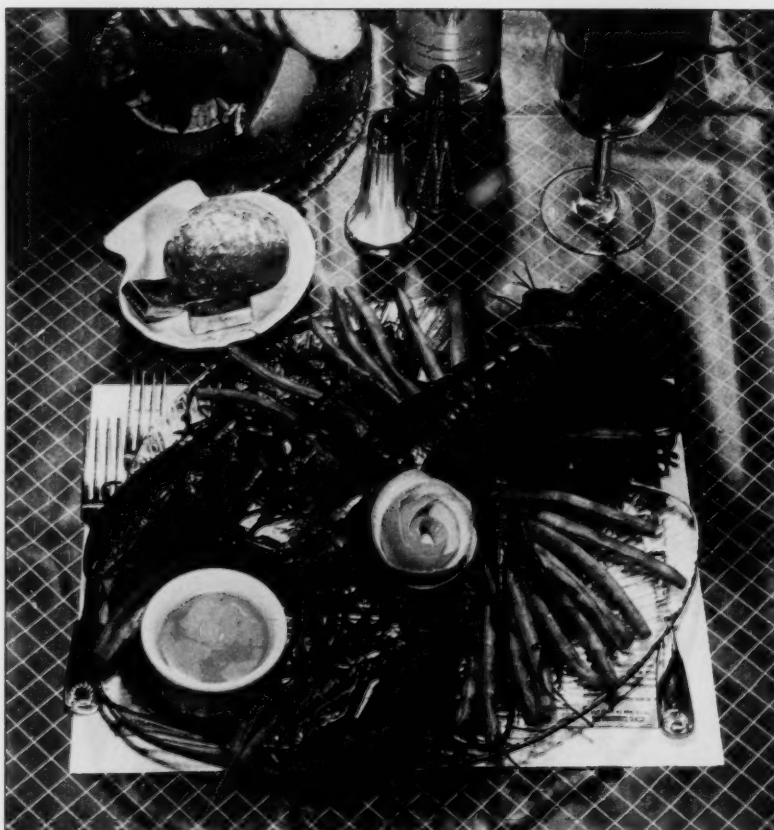
"Anything out of the water sells today," says Jon Rowley of Fish Works!, a Seattle consulting firm. "The term 'trash fish' is obsolete."

"Today, customers want to know not just that this is salmon, but that it is Copper River salmon," adds David Johnson, senior director of purchasing and distribution for Seattle-based Restaurants Unlimited.

THE NEW STYLE. Style of cooking is also receiving more attention, with emphasis on simple preparations. "You're no longer on the leading edge if you're just bringing in fresh swordfish and scallops. Preparation styles are trendy," notes Miles Wilcox, sales manager for the fish wholesaling company that is part of Traditional Concepts Inc., owner of Jake's Famous Crawfish and 11 other sister concepts.

Along with the increased knowledgeability of customers comes an increased demand for quality, which is having repercussions all the way down

Jacque Kochak is a freelance writer based in White Plains, NY.



In Boston, Legal Sea Foods purchases directly from fishermen.

the supply lines. As customers demand quality, restaurateurs exert increased demand on suppliers, who pressure the fishermen themselves to handle their catch properly.

"If it isn't frozen, fishermen call it fresh, no matter how it has been handled," notes Jerry Barron, director of operations for Jake's Famous Crawfish. "But fishermen are finding out that they can get good money for well-

treated and handled fish, because the public is catching on."

Customers are also showing concern about where a fish comes from, because of news about pollution of coastal waters. Education of waitstaff is very important.

The segment is also plagued by nagging concerns about prices and availability of different species. Fish con-

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Customers today are more sophisticated about seafood, and are willing to experiment with new varieties and preparations.

sumption has risen steadily since 1961, when the average American ate less than 11 pounds each year. The most rapid increase has been since 1982; fish consumption has increased by 25%. In total, Americans increased their consumption of seafood by about 150 million pounds just this year. And demand has affected supply.

"Fresh fish is certainly no less important than it has been, but I don't know how much more the supply can grow," says Rick Giboney, Restaurants Unlimited's vice president of marketing. "It is getting expensive. You might call it 'fish inflation'."

Consumption trends are spurring

the aquaculture industry. The species most farmed are trout, catfish, shrimp, mussels, oysters, and salmon, says Clare Vanderbeek, director of promotions and public relations for the Washington, DC-based National Fisheries Institute. Not all species can be farmed, but there is experimentation with such species as hybrid rockfish, redfish, crawfish, and lobster.

The price of seafood has been affected not only by increasing consumption but by international trade conditions. Over two thirds of the seafood used in the country is imported, so international currency rates affect price.

The largest seafood operators are not so worried about supply because they have networks of buyers or have aligned themselves with large and trusted wholesalers.

STAND OUT. In a segment dominated by independents, Orlando, FL-based Red Lobster stands out. A division of General Mills Restaurant Group, the company is proof that a seafood dinner-house concept can be executed successfully on a chain basis.

Red Lobster now has 428 units in 36 states, all company-owned, with expansion continuing at an aggressive pace. The company recently acquired California's Seafood Broiler chain, and those 28 units are being converted to Red Lobsters.

Sales for fiscal 1988 topped \$1 billion, and guest counts on a per-unit basis increased by 3.5% over last year. Average unit volumes reached \$2.5 million. The company hopes to open 20 units next year, with expansion in the Northwest for the first time. Red Lobster is also increasing penetration in many Eastern seaboard markets, says Dick Monroe, the company's director of public relations.

In a segment that is plagued by questions about supply and price, Red Lobster is a very significant factor. The company purchases over 50 million pounds of seafood a year, and during its Lobsterfest promotion in the summer sells about 600,000 pounds of live Maine lobster.

Seafood dinner-house chains have been slow to expand because of the expertise required to handle such a highly perishable commodity. Red Lobster has a sophisticated ordering system to ensure the delivery of fresh fish to

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Aquaculture has stabilized supplies and costs of species that can be successfully bred. Pictured is a broiled farm-raised trout.

PHOTOGRAPH COURTESY OF NATIONAL FISHERIES INSTITUTE



**Americans eat
two thirds of
their seafood in
restaurants
because they're
still timid about
preparing it
at home.**

units all over the U.S. The general manager at each restaurant is responsible for planning the daily menu. Using his computer, he calls up a list of fish currently available, then places his order. The seafood is air-freighted the next day, no more than 24 hours off the boat. Orders arrive packed in dry ice, and the temperature is checked. If it is too high, the order is rejected.

Red Lobster buys seafood from 32 countries. The company does not buy from any supplier without first checking the plant and fishing boats. Says Monroe, "We do not shop price; we want quality."

Except for Red Lobster, the other

major chains in the segment are all fast service. Of these, the most significant is Long John Silver's.

Lexington, KY-based Long John Silver Seafood Shoppes Inc. operates 1,500 units, 213 of them company-owned, throughout the U.S. The company opened 65 new units last year, and plans to open about the same number this year, says Robert McDevitt, senior vice president of marketing.

Long John Silver's has expanded its menu, becoming more of a seafood restaurant. Shellfish is now emphasized, having been added to combination platters. Part of the reason is the relative price imbalance between finfish and shellfish; shellfish has been more reasonably priced and more readily available. "However, we're pleased to see that after an 18-month increase, codfish prices are beginning to fall, and we'll be more aggressive in featuring our signature product, batter-fried cod," McDevitt says.

McDevitt adds that Long John Silver's is continuing to test broiled fish and shrimp. Currently, about 150 units have broiled items on the menu.

Another major player is Nashville-based Captain D's, a division of Shoney's Inc. The 574-unit chain posted sales of nearly \$200 million in 1987. Average unit sales are \$631,000; however, 22 company-owned Captain D's reported sales of over \$1 million. Sales overall were up 10% over the previous year, with comparable store sales up 2.1%.

NEW VISIBILITY. During 1987, Captain D's introduced a new building design to increase visibility from the street. The building features a stucco-like finish and a blue metal roof with cantilevered lighting. Improved lighting highlights the interior, which seats up to 94 customers.

Captain D's menu features fried fish and chicken filets, clams, shrimp, stuffed crab in a natural shell, seafood and tossed salads, hamburgers, fries, hush puppies, green and white beans, fried okra, and rice. Grilled flounder was added to the menu last year.

Captain D's generates almost a third of Shoney's total revenues. Shoney's recently underwent recapitalization, which the company viewed as an important step in its transition from a growth company to a mature company. The company also stepped up franchis-

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Catfish is a species that is easily cultivated and is enjoying greater popularity. Pictured is farm-raised catfish.



ing operations following the recapitalization action. To help reduce debt incurred in connection with a special dividend of \$20 per share to stockholders, the company has curtailed its expansion of company units.

ENHANCED IMAGE. In the Northwest, Bellevue, WA-based Skipper's Inc. has halted franchising to concentrate on image enhancement. The 207-unit chain's reorganization is expected to take about two years. The company is updating its units, which haven't been remodeled since the late 1970s.

Skipper's systemwide sales were \$94.6 million last year, a mere 1% in-

crease over the previous year.

Youngstown, OH-based Arthur Treacher's Inc., with 100 units in the Northeast, is preparing for a fairly rapid expansion phase, according to president James Cataland. About seven units were opened last year. But, over the next year, at least one new unit will open every month. Almost all new units will be located in shopping mall food courts. As part of the emphasis on mall locations, Treacher's is experimenting with finger foods, such as crab nuggets and breaded scallops.

Outside of the fast-food arena, most seafood restaurant chains are small

room sales are from customers coming from outside a 100-mile radius.

The menu is quite large, with at least 95% of selections being seafood. A daily selection of 25 to 35 fresh seafood items is offered on a Fresh Sheet printed each morning; the sheet also lists 15 to 20 daily specials.

The company's owners, Bill McCormick and Doug Schmick, don't release sales figures, but Barron will say that sales are "booming." Jake's serves in excess of 500 dinners an evening, with an average check of \$25.

The company also operates several McCormick's Fish Houses that are similar to Jake's Famous Crawfish. The menus at the 100- to 165-seat restaurants are also 95% seafood. McCormick's Fish Houses are located in Seattle, Beaverton, OR, and Denver.

The McCormick & Schmick concept is Traditional Concepts' "new generation," says Barron. Three McCormick & Schmick's are open, in Seattle, Portland, and San Diego. Another will open in Irvine, CA, early next year. The concept features the same menu, with the addition of game and red meat.

Traditional Concepts' Harborside Restaurant and Shanghai Bar in Portland is two concepts in one. The restaurant's broad menu promotes grazing. A range of 120 items includes entrees as diverse as gourmet pizza and blackened sturgeon. The nightclub's decor is dominated by light and wood. The lounge features a professional concert stage, lighting, and sound system adjacent to a 500-sq.-ft. dance floor.

The company is moving toward an amalgamation of different concepts. The San Diego McCormick & Schmick's is combined with a Shanghai Bar in a huge 15,000-sq.-ft. facility spread over three levels.

RESEARCH. Management of Ocean Avenue Seafoods in Santa Monica, CA, spent more than two years researching fish and seafood before the restaurant opened, says owner Sam King. The King family has operated coffee shops since 1945, and in more recent years, operated 555 East and the Pine Avenue Grill, both in Long Beach, CA.

The 275-seat Ocean Avenue Seafoods opened in May 1987. It serves 35 to 40 different fresh fish items on a menu that changes daily. The menu is complemented by a wine list that of-

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Mountlake Terrace, WA-based Sea Galley Stores Inc. is continuing a program of "freshening up" the decor of its sailing-themed units.

As customers demand quality, restaurateurs increase demand on suppliers, who pressure fishermen to handle their catch properly.

and regional. Portland, OR-based Traditional Concepts Inc. boasts a significant presence in the Northwest with its 11 restaurants in Oregon, Washington, California, and Colorado. A twelfth restaurant will open in Irvine, CA.

The "mother ship" of the company is the venerable Jake's Famous Crawfish, a turn-of-the-century fish house. Jake's first opened in 1892 and was bought by Traditional Concepts in 1971, says Jerry Barron, the company's director of operations.

The 200-seat restaurant is located in a less desirable part of town, but because of its reputation, 40% of dining



fers more than 50 chardonnays.

Multi-unit operator Seattle-based Restaurants Unlimited derives at least 60% of its total sales from seafood, says Rick Giboney, vice president of marketing. The company operates 18 restaurants in Washington, Oregon, California, Alaska, and Hawaii, as well as one in Minneapolis, MN. Three more restaurants are under construction, including one in Philadelphia. Sales for fiscal year 1988 are estimated to reach \$80 million, including sales from a bakeshop subsidiary, Cinnabon.

DIRECTLY FROM THE SOURCE. As customers become more demanding about quality, some restaurateurs are bypassing distributors and going directly to the source.

Chicago-based Lettuce Entertain You Enterprises (LEYE) purchases from fishermen or fish farmers for its Shaw's Crab House and other restaurants.

"It's expensive, but we can justify the cost because of our volume," says Kevin Brown, a partner in LEY and vice president of the Shaw's division. "We get the product faster, and we are able to build relationships with the fishermen."

Shaw's is modeled on traditional East Coast seafood houses, with a broad menu ranging in price from \$3.95 to \$18.95. The original restaurant, which seats 350, also includes the Blue Crab Lounge, is basically a raw bar featuring oysters, clams, lobster, and crab dishes.

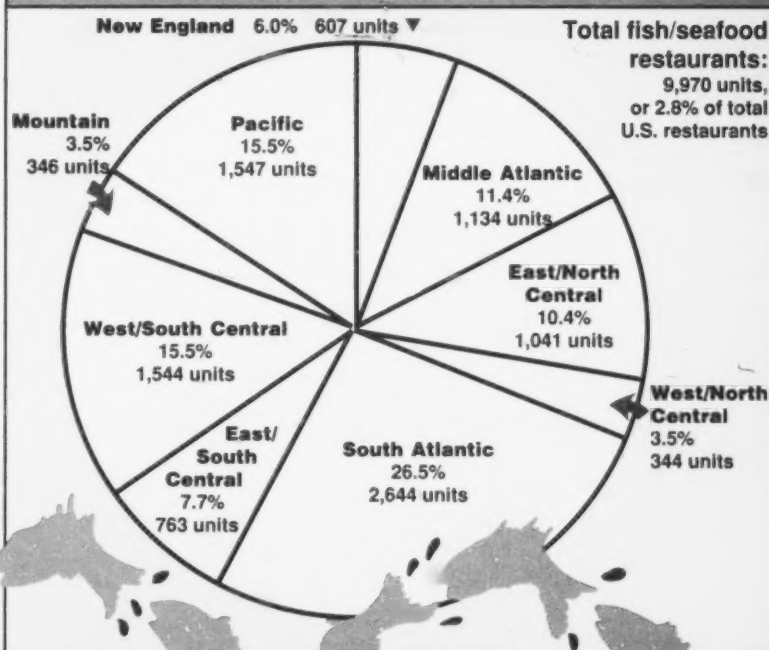
Allston, MA-based Legal Sea Foods also buys directly from fishermen who dock in Boston. In fact, 35 lobster boats fish for the company's six restaurants. The restaurants specialize in American seafood, mostly from the cold waters of the North Atlantic. About 80% of the constantly changing menu is codfish, mackerel, bluefish, halibut, and striped bass, according to president George Berkowitz.

The company cuts all its own fish for restaurants, and maintains its own lab to test oysters and shellfish. "We started out as fish people, operating a fish market," says Berkowitz. "We're one up on a lot of restaurants because we really understand fish."

The menu at a Legal Sea Foods restaurant is about 99% fish, with 30 to 40 varieties offered daily. The restaurants seat from 200 to 350 people, and

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CONSUMPTION FOLLOWS COASTLINE



SOURCE: RE-COUNT '87, Restaurant Consulting Group Inc.

TOP FIVE SEAFOOD CHAINS

	No. Units	1987 Sales
RED LOBSTER General Mills Restaurant Group Orlando, FL	428	\$1 billion
LONG JOHN SILVER SEAFOOD SHOPPES Lexington, KY	1,450	\$750 million
CAPTAIN D'S Shoney's Inc. Nashville, TN	574	\$200 million
SKIPPER'S INC. Bellevue, WA	207	\$94.6 million
ARTHUR TREACHER'S INC. Youngstown, OH	127	\$35 million



CHARTS BY SHARIFANG



the average check is about \$23.

Legal Sea Foods recently experimented with an unusual departure for a seafood restaurant by promoting Shandong cuisine, from the Northeast region of China. George's son Roger became acquainted with Nina Simons, an expert on Chinese cuisine, and the two initiated contacts through the Chinese government to allow two chefs to travel from Shandong to the U.S. Shandong cuisine makes extensive use of fish. The Shandong dishes are still on the menu, and are still popular."

CRAB SPECIALTIES. A small chain with a different focus is Miami-based Capt. Crab Inc., with four full-service Crab Houses in Miami and Ft. Lauderdale, FL, and Atlanta. Another unit is under construction in Orlando. The company also operates four Capt. Crab's Take-Away fast-serve drive-thru units. Both concepts are being expanded, and a new 1,000-sq.-ft. Capt.

Crab double-drive-thru prototype is under development.

Capt. Crab's menu is limited compared to The Crab House's, but nonetheless it is quite sophisticated for a fast-food operation. The specialty is garlic crabs sold by the bucket. Also available are steamed crabs, fried shrimp, catfish, garlic and hot spiced shrimp, crab cakes, homemade clam chowder and crab soup, conch fritters, conch salad, fried conch, and a few sandwiches. A Captain's Combo combines garlic crabs with a choice of shrimp, catfish, or conch, served with parslid potatoes and coleslaw.

Even in the tiny, 1,000-sq.-ft. prototype, all food is made to order. Sauces, soups, Key lime pie, and all breadings are made from scratch in the units.

The Crab House dinner houses offer a full seafood menu, with everything made from scratch. In addition to a raw bar, the restaurants also offer all-you-

can-eat seafood salad bars, with 25 salad dishes, freshly shucked oysters and clams, cold steamed shrimp, mussels, and crab claws. Average check is \$17 to \$20, says executive vice president Gary Scharps.

Both decor and menus are tailored somewhat to local markets, adds Scharps. For example, the Miami Crab House caters to tourists, so the restaurant plays up the local crab-house ambience, very "down home" and rustic, with newspapers on the tables.

FAMILY TRADE. In the Northwest, Sea Galley Stores Inc., with corporate offices in Mountlake Terrace, WA, caters to the family trade. The company operates 41 units; all but seven are company-owned. Average unit volumes are \$1.5 million. Systemwide sales in 1987 were about \$53 million.

The company will be expanding this year, primarily in smaller cities with

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Waitstaff need to be thoroughly educated about seafood menus to be able to knowledgeablely answer customers' questions.

populations of 100,000 to 150,000, says Perry Champion, sales promotion manager. "However, our expansion will be conservative," he adds. Champion says that the market for low-priced to medium-priced seafood is competitive, but Sea Galley's sales are up over last year and the company just completed one of its best quarters ever.

To emphasize its modest prices, the menu is divided into \$5.99, \$6.99, and \$7.99 sections. Available for \$5.99 are beer-battered fish and chips, clam strips, and grilled snapper. Teriyaki chicken, deep-fried calamari with aioli sauce, blackened snapper, and the all-you-can-eat soup and salad bar are

priced at \$6.99, and sole almondine, stuffed snapper with mushroom hollandaise, breaded shrimp, a stuffed chicken breast, and breaded oysters are priced at \$7.99.

More expensive selections are flounder stuffed with crab meat, shrimp, and Monterey Jack cheese for \$8.99; coho salmon stuffed with crab and shrimp for \$9.99; and Dungeness crab legs for \$13.99.

Sea Galley Stores is continuing a program of "freshening up" units. In 1985, the company undertook a program of complete revamping, but it was too expensive. The program was modified and now costs only a fourth of what the original program cost.

Because of concerns about stable supplies, some operators are emphasizing farm-raised species on menus. John Folse, owner/executive chef of Lafitte's Landing, is actively promoting catfish on his menu. Located 40 miles outside of New Orleans, Lafitte's Landing serves indigenous Louisiana cooking, especially Cajun.

"I got interested in catfish about three years ago when the supply of fresh fish from the Gulf began to dwindle," says Folse. "We use a lot of catfish in Louisiana, but it is the wild variety. It was difficult for me to consider using catfish in a white-tablecloth restaurant, but I was surprised to find out how different farm-raised catfish is from the wild variety."

Folse says that at first waitstaff had to educate customers about farm-raised catfish. Now it is a mainstay on his menu. At Lafitte's Landing, appetizers include catfish in puff pastry with champagne sauce and catfish beignets. Soups include catfish gumbo. An unusual entree is a catfish filet shaped into a turban, stuffed with crawfish, baked, and presented on a plate of Cajun butter sauce with a touch of hollandaise sauce.

FUTURE OUTLOOK. If supplies continue to grow, seafood consumption should also grow. The outlook is optimistic because increased fish farming and new international sources of fish are boosting supplies. Nevertheless, restaurateurs can't take seafood sales for granted. Today's consumer is very sophisticated, curious about new varieties of seafood, and uncompromising in his demand for quality. B



Garlic crabs, sold by the bucket, are the specialty of Miami-based Capt. Crab Inc., which operates both full-service and fast-food concepts.